



TREASURER OF THE STATE OF LOUISIANA

JOHN NEELY KENNEDY
TREASURER

POST OFFICE BOX 44154
BATON ROUGE 70804
TELEPHONE (225) 342-0010
FACSIMILE (225) 342-0046
www.treasury.state.la.us

March 8, 2006

HAND DELIVERED

Honorable Matthew "Pete" Schneider
Chairman, House Retirement Committee
Louisiana State Legislature
P.O. Box 94062
Baton Rouge, Louisiana 70804

Honorable D.A. "Butch" Gautreaux
Chairman, Senate Retirement Committee
Louisiana State Legislature
P.O. Box 94183
Baton Rouge, Louisiana 70804

Mr. Tom Rice, Acting Legislative Actuary
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Funding Review Panel

Gentlemen:

As the designee and on behalf of the State Treasurer, Chairman of the Funding Review Panel, created by Act No. 448 of the 2005 Regular Legislative Session, I report as follows.

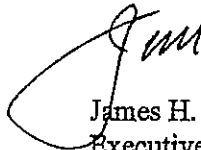
The Panel met on August 23, 2005, October 18, 2005, and December 13, 2005. As you recall, the Panel was charged with meeting monthly and considering the submission of recommendations to the Legislature for increasing the actuarial soundness of each system and providing a generous, affordable benefit for the members of each system. Due to the effects of Hurricanes Katrina and Rita and the time constraints and other exigencies resulting from the two extraordinary legislative sessions called by the Governor thereafter, the Panel was unable to meet in September, November, January or February.

As required by the enacting legislation, the Panel did hear and consider extensive testimony from the systems and the actuaries about the benefit structure of each system and funding challenges the systems are facing. In particular, a lengthy discussion was held about what is meant by and necessary for actuarial soundness as required by the state constitution.

Messrs Schneider, Gautreaux and Rice
Funding Review Panel
March 8, 2006
Page two

The Panel received one proposed recommendation for consideration from Mr. Charlie Fredieu, representing the Professional Fire Fighters Association. He proposed redirecting excess undedicated funds from assessments against insurers pursuant to La. R.S. 22:1419 that, if any, are deposited into the state general fund under current law, to the three systems. The Panel has been unable to take any action on this recommendation for submission to the Legislature due to its inability to meet in January or February. However, I am informed the Firefighters' Retirement System Board of Trustees, chaired by Mr. Fredieu, is going to sponsor such proposed legislation on its own during the upcoming session

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jim', with a large, stylized loop on the left side.

James H. Napper, II
Executive Counsel

cc: Members of the Funding Review Panel
Ms. Laura Gail Sullivan
Ms. Karen Stephens